



Sapienza, University of Rome
Faculty of Economics - Department of Economics and Law

MACROECONOMICS

(9 CFU) - Academic year 2023-2024 (I Semester)

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Class schedule:
Monday, 14-16 (Room 8A)
Tuesday, 12-14 (Room 8A)
Thursday, 12-14 (Room 8A)
Office hours:
Wednesday, 11-13 or by
appointment through e-mail

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Syllabus

I) Models of Economic Growth, Growth Accounting and Economic Convergence
(chapters 1.1-1.4; 1.6-1.7; 3.1-3.2)

The Stylized “Facts” of Economic Growth

The Solow Model. The Dynamics of the Model and the Balanced Growth Path

The Role of the Saving Rate and the Golden Rule

Empirical applications: I) Growth Accounting

Empirical applications: II) Economic Convergence across Countries

An Endogenous Growth Model based on Research and Development

II) Consumption, Saving and Investment (chapters 8.1-8.2; 8.3 (first part)-8.4; 8.6;
9.1-9.4)

The Random Walk – Permanent Income Hypothesis

Consumption and the Interest Rate

Precautionary Saving

Consumption and Liquidity Constraints

A Model of Investment with Adjustment Costs

Tobin’s q

III) Government Expenditure, Budget Deficits and Fiscal Policy (chapters 13.1 (first part-13.2))

The Government Budget Constraint
Financing Government Expenditure
Ricardian Equivalence

IV) Imperfectly Flexible Prices and/or Wages (chapters 6.1; 6.4; 6.9)

Some Stylized “Facts” about Prices and Wages
A Macroeconomic Model with Fixed Prices
A Model with Nominal Rigidity
The Lucas Imperfect-Information Model with Rational Expectations

V) Economic Fluctuations and Business Cycle Models (chapters 5.1-5.2; 7.1; 7.4; 7.8)

Some Facts about the Business Cycle
Quantitative Macroeconomics and Business Cycle Analysis
DSGE Models of Fluctuations
Building Blocks of Dynamic New Keynesian Models
The Calvo Model and the New Keynesian Phillips Curve
The Canonical New Keynesian (DSGE) Model

Textbook

Advanced Macroeconomics, David Romer (2019), McGraw-Hill, 5th Edition.

Students are expected to study only the sections of the book that have been indicated above in detail for each part of the syllabus.

Problems and Exercises (as well as the corresponding answer sheets) will be distributed to students during the course